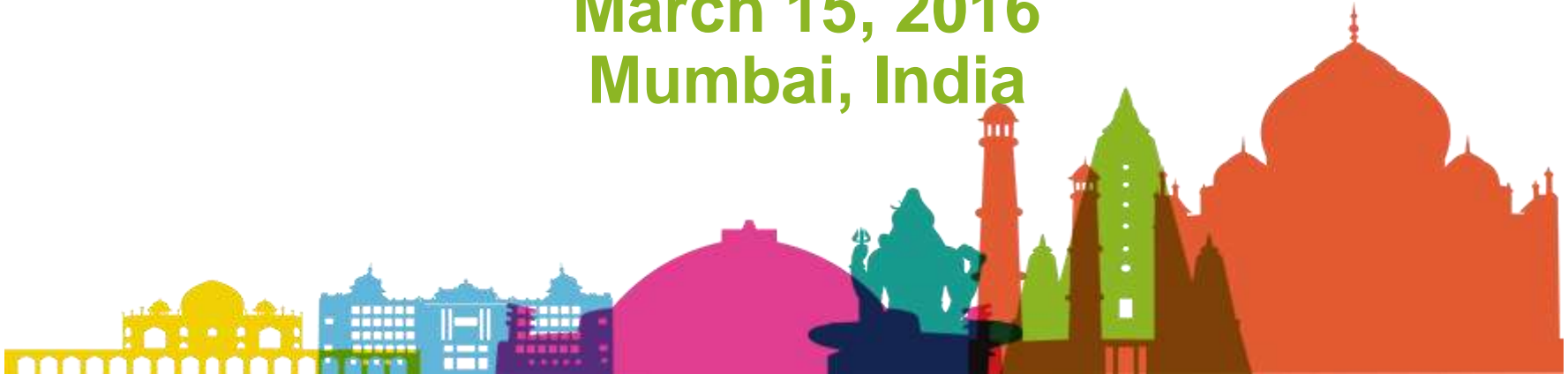


CREATING FUTURE PRINT THROUGH TECHNOLOGY AND INNOVATION



PRINT BUSINESS OUTLOOK CONFERENCE 2016

March 15, 2016
Mumbai, India



Preparing Your Business For Change

By:

Andy Yarrow

Senior Director of Sales - EFI Asia Pacific



What I want to cover today...



- Market Status and APAC Challenges
- Opportunities for Growth
- How EFI can help

Challenging Times in Asia Pacific...



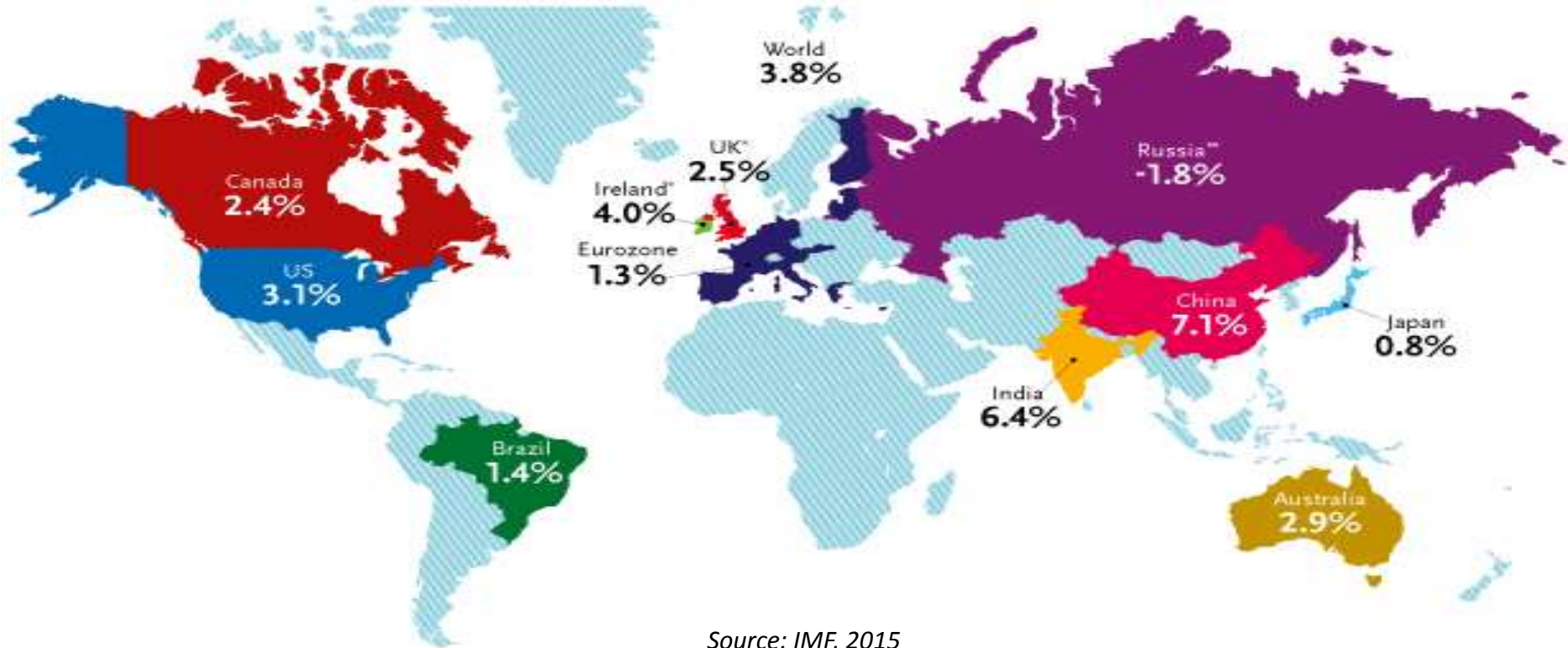
Time to Re-Assess?

InfoTrends APAC Economic Update



APAC is Growing Despite Slowing World Economy

GDP Forecast by Key Countries, 2015



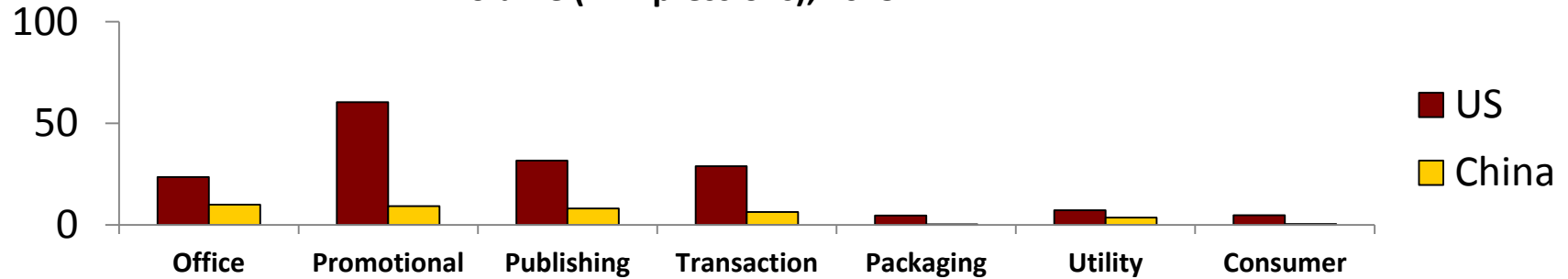
Source: IMF, 2015

Impact for the Printing Industry

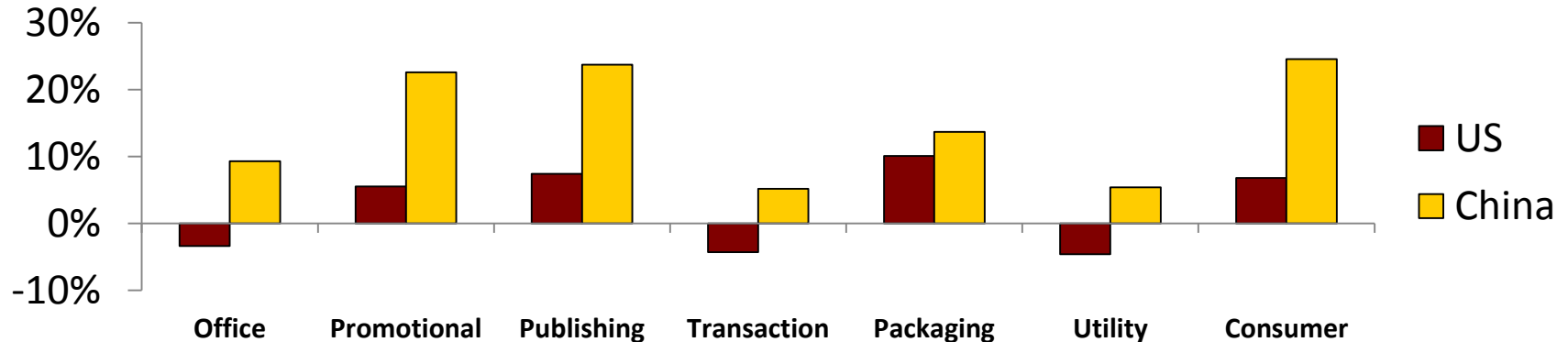
- **Outlook for China less optimistic than in previous years**
 - Still relatively strong correlation between GDP growth and print expenditures in emerging economies
 - Slowdown in manufacturing results in less demand for print
 - Strengthening of the USD makes imports generally more expensive
- **Nevertheless, more economic pressure will force print companies to invest more in workflow & automation**
- **Expect continued uptake of digital print in South East Asia**
 - ASEAN-5 (Indonesia, Malaysia, Philippines, Singapore and Thailand) have combined GDP growth of 5.3%
 - Foreign investments up 7% from 2014; shifting work towards ASEAN5

Digitally Produced Applications US vs. China

Volume (B impressions), 2015

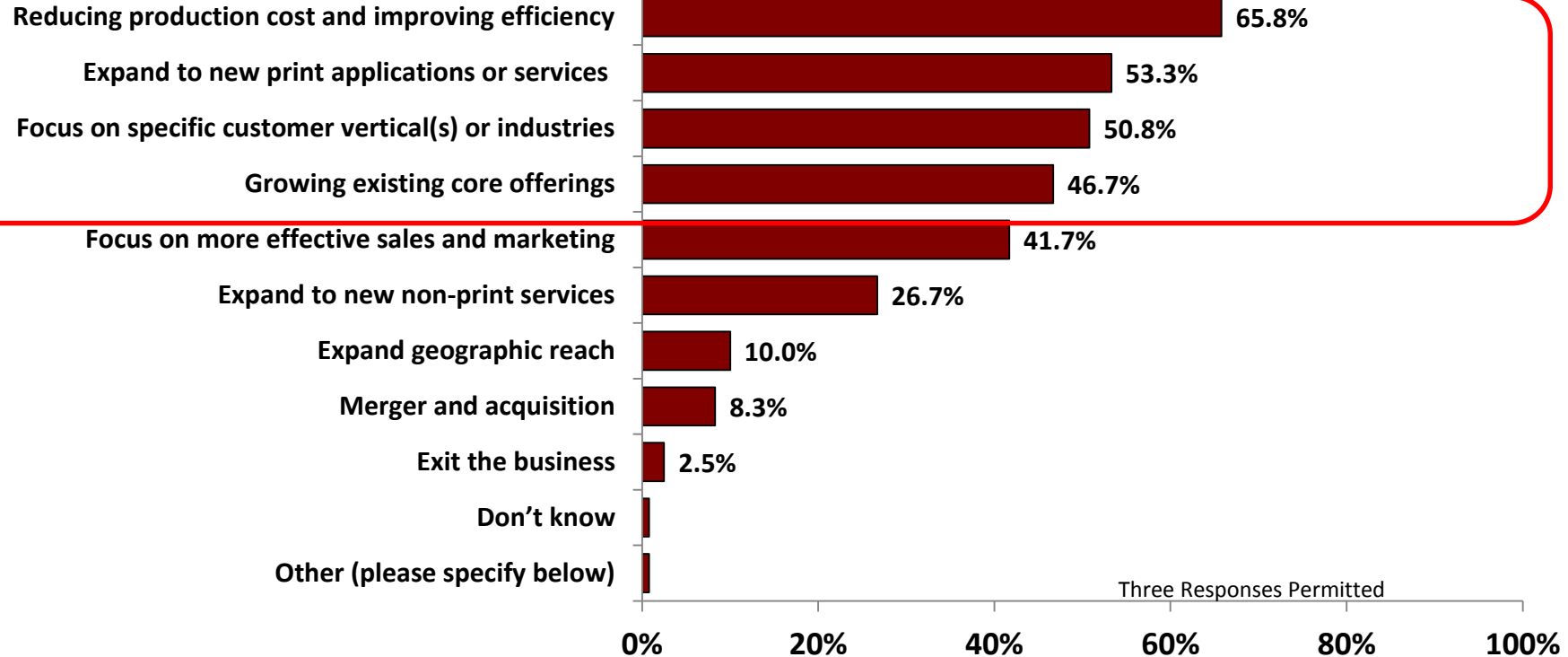


CAGR '13-'18



Business Direction in Next Five Years

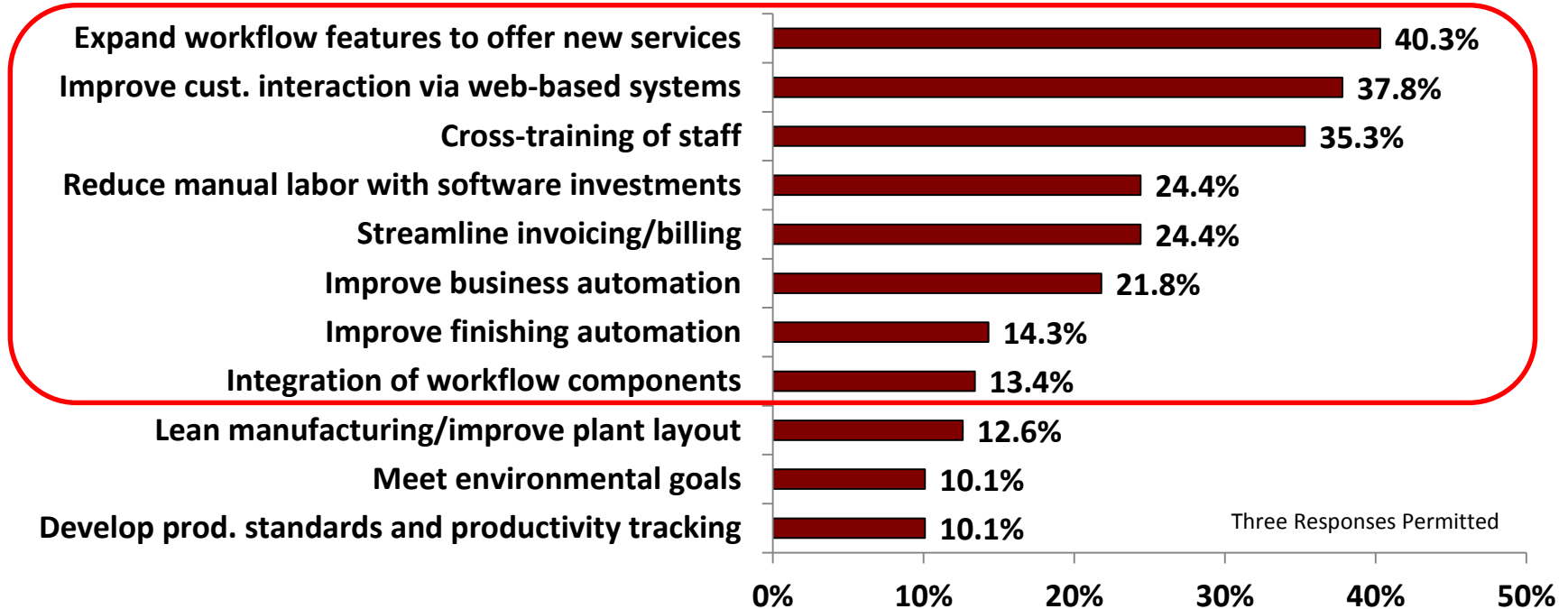
Q33: Which initiatives best describe your strategic business direction in the next five years?



Source: U.S. Production Software Investment Outlook, InfoTrends 2015

Top Workflow Initiatives

Q7: What are your top three workflow initiatives for 2015?



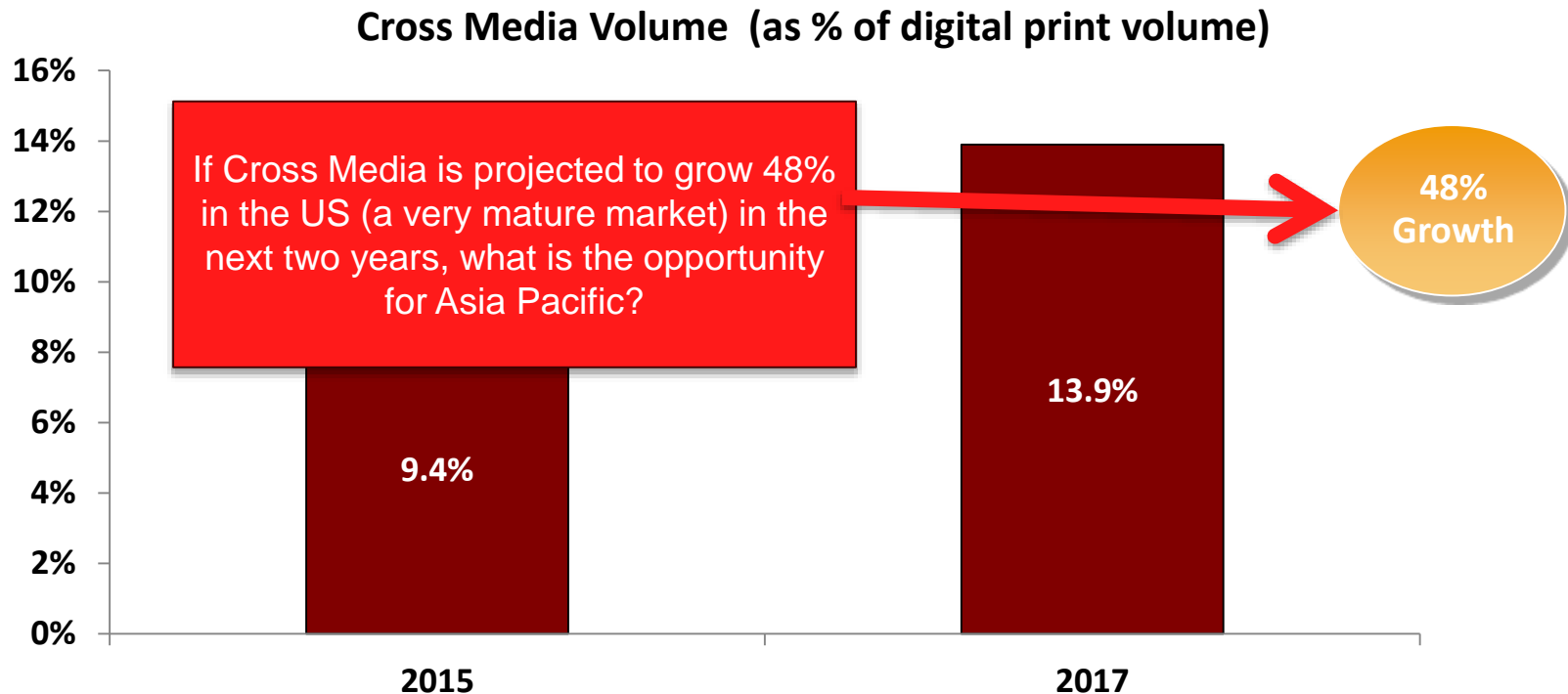
N = 119 Respondents

Source: U.S. Production Software Investment Outlook, InfoTrends 2015

© 2015 InfoTrends

Cross-media a focus for Commercial Printers

What percent of your total digital print volume contains cross-media elements (e.g., personalized URL or QR codes)?



N = 77 Commercial Printers

Source: *U.S. Production Software Investment Outlook*, InfoTrends 2015

How does Cross-Media come in to this discussion?



Marketing Communications

- What works for one group, does not necessarily work for another.
 - Baby Boomers (1946-64) – Will they be on social media?
 - Generation X (1964-82) – Do they want text messages or email?
 - Millennials (1982-99) – Content needs to be as flexible as them.
 - Generation Z (2000-present) – Do they want print at all?
- Using every tool at your disposal is the best way to ensure success for you and your customers.

Brand Owners Drive This



<http://www.buro247.com/me/fashion/buro-loves/louis-vuitton-personalisation.html>



Without Personalisation:
\$1720 USD

Sour

Brand Owners Drive This



Myer Department Store, Sydney Australia

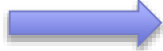


\$12.95 AUD (Myer)

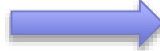
How this works – Car Industry



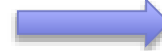
Email



Personalised
URL / QR
Code



Personalised
Direct Mail



Text

Creating an effective Cross-Media campaign



China Mid Autumn Festival 2015



Email with call
to action

A registration form for the China Mid Autumn Festival 2015. It includes a header with the efi logo and a greeting in Chinese and English. The form contains fields for Name, Company Name, Email, Phone Number, and Delivery Address. A 'Submit' button is at the bottom right.

Data Collection



Personalised Image
generation

China Mid Autumn Festival 2015



Personalised box wrapper generated in DirectSmile, colour managed with Fiery and printed on EFI Vutek printer with White ink

Email, PURL, Text and QR Codes can co-exist
and be used to drive printed material.



Conclusions

- **APAC Market Indicators**

- Slow-down in growth for digital print likely as correlated to GDP / economic improvements
- Rising need for automation as results of rising labor cost and desire to reduce errors
- Market may evolve in different direction than Western markets; probably less need for personalization / marketing.

- **Applications Drive Equipment Needs and Opportunities**

- Print service providers are looking for new applications and services to offer to their customers
- To be efficient, the entire production process needs to be considered including workflow and finishing

Recommendations

- **Take a more holistic approach to selling print solutions**
 - Provide customer insights into new applications and services, especially ones with growth opportunities
 - Think beyond hardware. Software and services are becoming more important
 - Business development services key for more developed economies
- **Take advantage of key equipment differentiators**
 - Additional colours, extended sheet, in-line spectrophotometry
- **Be aware of rising needs for production workflow**
 - As markets develop, the need for workflow automation, color management and marketing services is expected to rise

drupa Global Trends Report March 2015

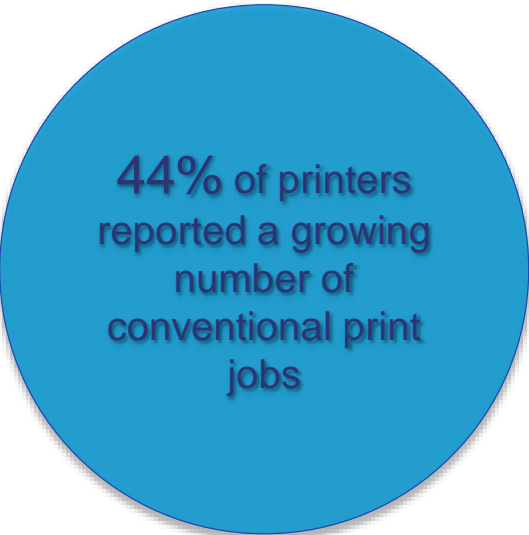


drupa Global Trends Report March '15

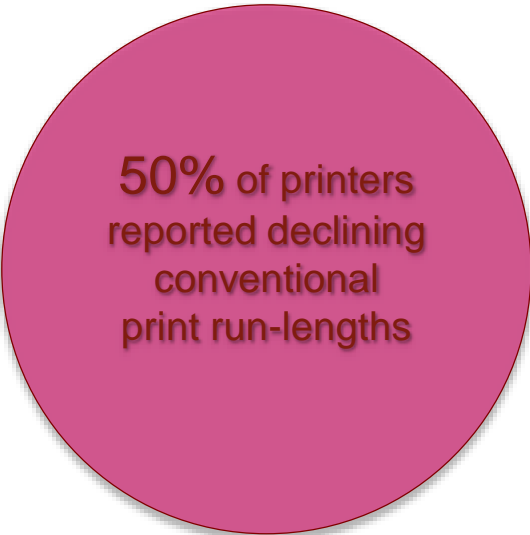


- **Print Revenues are up.**
 - Global revenues have grown for 39% of the businesses studied, compared to 22% who have seen revenues decline.
- **Prices are declining**
 - Just 15% of the panel who took part saw revenues grow YOY and 38% stated that prices have declined.
- **Business in Asia is tough**
 - Margins are down from 28% in 2013 to 15% in 2014
- **Digital print continues to grow, but it is still a small percentage of overall turnover.**
 - Only 10% of those companies interviewed said that more than 25% of the revenue came from digital printing.
- **Print Service Providers need to maximise other opportunities**
 - Most print service providers are not maximising their revenue in other areas, such as asset management and database handling.
 - 27% of those studied claimed to earn 10% or more of their revenue from such services.
- **This means there are opportunities for us all!**

The Changing Demands of Print



**44% of printers
reported a growing
number of
conventional print
jobs**



**50% of printers
reported declining
conventional
print run-lengths**



**48% of printers
reported declining
conventional
print lead-times**

The only way to service this is to invest in automated workflow and high-speed digital technology. Creating efficiencies, improving turnaround times and freeing up space on offset presses.

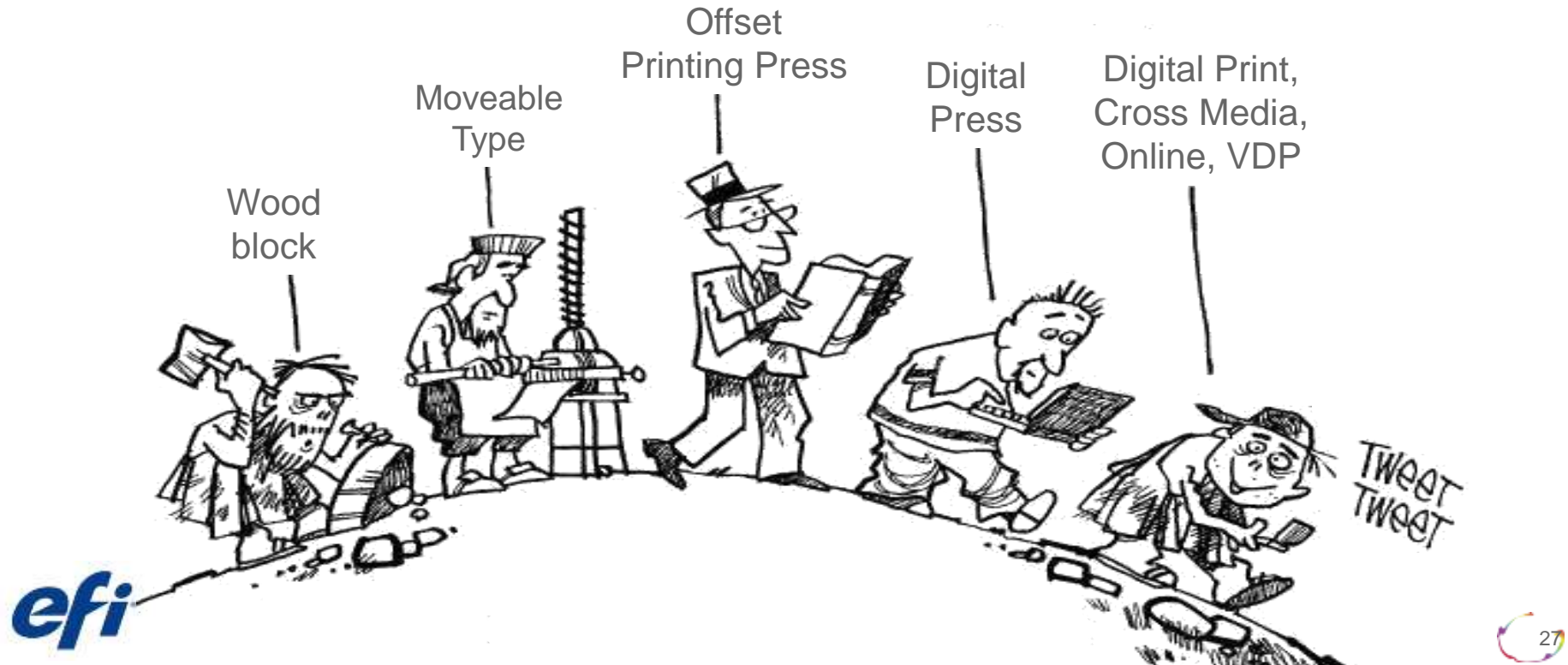
Conclusion

- Both of these reports say the same thing;
- Print Service Providers need to produce more jobs, just to stand still.
- Minimising touch-points is key to driving efficiencies and profitability.
- According to InfoTrends, 55% of printers claim that their customers want them to help with campaigns that include, print, social and cross-media marketing.
- Finding other ways of generating revenue are key to staying ahead.



In other words...

Print HAS to Evolve...



Summary



- Business in Asia is challenging, focus on investing in software and automation to remove cost.
- New applications in Variable Data and Cross-Media drive growth, profit and help customer retention.
- Focus on vertical markets to build internal expertise, working with Agencies and Brand Owners is key.



Where does EFI fit in?





- Silicon Valley based technology company with a 25-year history of innovation in the printing industry.
- Long-standing partnership with major OEM Manufacturers
- Focused on being the leader in growth areas of print, such Industrial Inkjet, Web to Print, Management Information Systems and Workflow.
- Over 1,000 people in R&D.
- More than 500 people in India (Bengaluru).



Committed to India

- Over 530 employees in Bangalore
- Only location that has presence across all 3 EFI BU's
- First time EFI had a presence at a major Indian tradeshow (Pamex)
- >125 wide-format printers
- >35 Textile Presses
- >130 CretaPrint Presses
- >3000 Fiery Users
- Quarterly Advisory Council Meeting



EFI's Portfolio

Web-2-Print
& VDP



Wide Format



MIS

Fiery
Production &
Enterprise



Superwide Format

Labels



Ceramics



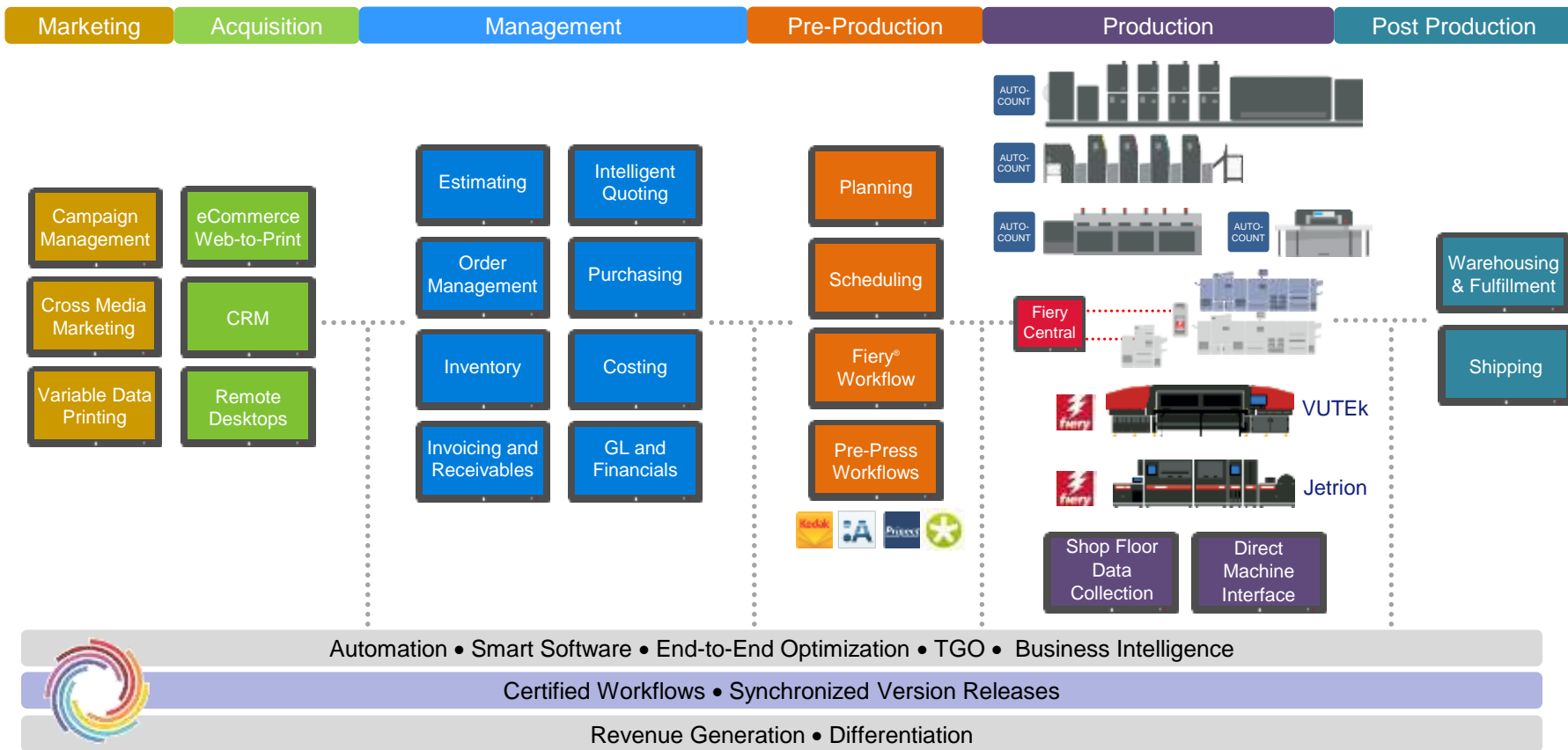
Textiles



Cloud Services
Implementation and Support Services
Professional and Consulting Services



The EFI Ecosystem



Customers' Vote of Confidence

#1 Market Share in All Categories Worldwide

1,800,000
Fiery Installations
Worldwide



25,000
Print MIS/ERP
and Web-to-Print
Installations



3,500
Superwide
Installations



65,000
Proofing
Installations



Innovation



is key.

~15-20% of our revenue
reinvested in R&D in good
times and bad!

Industry Acclaimed Technology

2013 Sustainability Recognition award



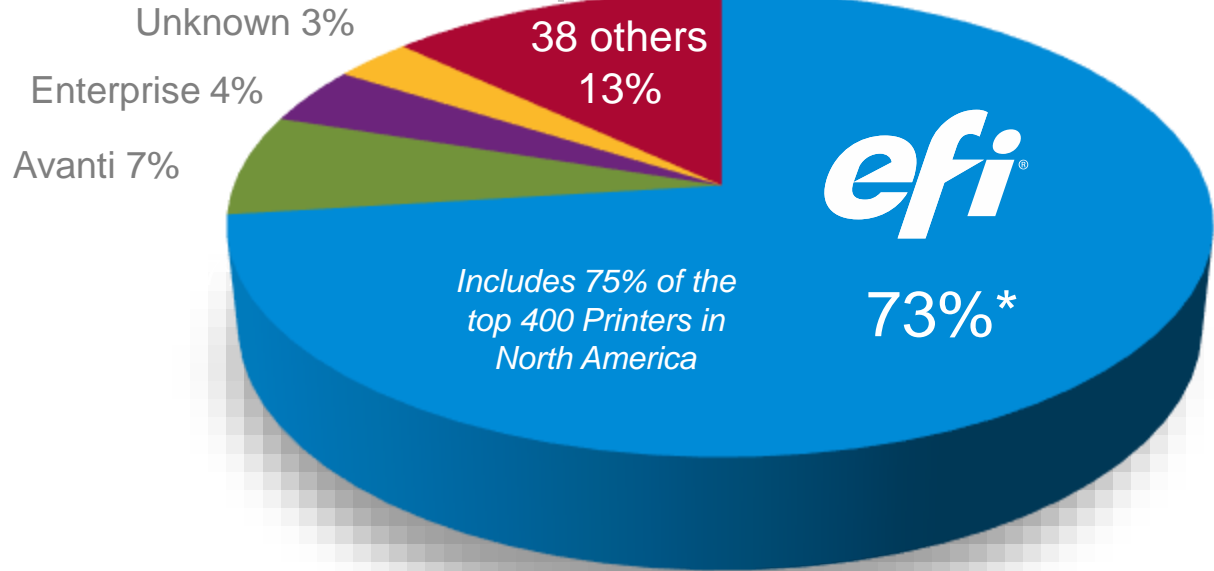
EFI Dominates Must See 'Ems Again...

- EFI won 3x more than the next most successful companies entering the Must See Ems contest this year (AccuZIP and HP, which each won 3 awards). Xerox, Avanti, MGI and Opensoft each won 2 awards this year.
- Fiery Awards:
 - EFI Fiery Job Parallel HyperRIP
 - EFI Fiery CMYK+
 - EFI Fiery Smart Estimator for Specialty Toners
 - EFI Fiery Final Fix (technology demonstration)
- Other EFI Awards:
 - EFI PrintFlow for Packaging
 - EFI DirectSmile Cross Media version 7
 - EFI Metrix Layout Engine for Pace
 - EFI Super Draw Ink
 - EFI H2000 Clear Ink



Estimated NA Print MIS Market Share

38 Others including:	
Heidelberg	1%
Cyrus	1%
Print Point	1%
Printers Plus	1%
Excel	1%
Parsec	1%
Primac	< 1%
Hiflex	< 1%
ProShop	< 1%
Mail Shop	< 1%
Globtec	< 1%
Prographics	< 1%
Label Traxx	< 1%
CRC	< 1%
25 other MIS systems	3%



*Homegrown systems not included in analysis.



Allegro Copy & Print Customer Success Story



Overview

- Commercial Printer
 - 4 Colour Offset Press
 - 2 Digital engines driven by Fiery
 - EFI Digital StoreFront
 - EFI Pace MIS



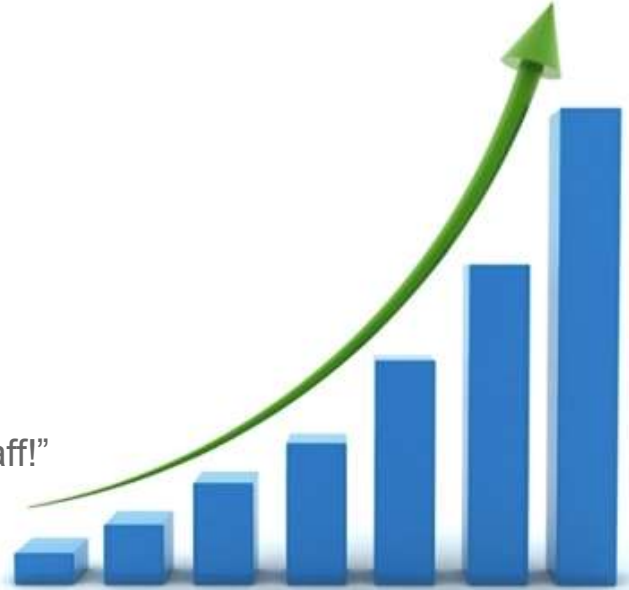
Customer Base & Workflow

- Real Estate
 - Jobs are submitted via web-page individually branded for each Realtor
 - Realtors need 24/7 access so jobs often come in overnight
 - They are paid for online via credit card improving Allegro's cash-flow
 - As they have already been paid for jobs are ready to print on the Fiery when the team arrives each day
 - If the jobs come in before 12pm, they ship that afternoon
 - The integration between DSF, Pace and Fiery has reduced job turnaround time by 4 hours
 - Many Realtors use Allegro because of this service turnaround
 - Many Realtors move between companies increasing business because of reputation.



Business Details

- Prior to Financial Crisis
 - ~350 jobs invoiced per month
 - 24 full-time staff
- After Financial Crisis
 - Between 800-900 jobs invoiced per month
 - 12 full-time staff
- Business Growth
 - 20% for last 3 years
 - “All down to DSF and Pace and without adding any staff!”
 - Pete Smyth, Owner Allegro Copy + Print



Building an online presence...



Leveraging the Alibaba Effect

[Home](#) » [Features](#) » [Business](#)

What can China teach India in times of economic downturn

24 Feb 2016 | [Manoj Mehta](#) | [Comment now](#)

The ground realities of India and China are the same on several counts. Both the countries have large population and a large population below the poverty line. Then recently, the Chinese economy took a nosedive. Yet, the print industry in China is doing rather well. There is a lesson for India here, says Manoj Mehta

...And suddenly, China's 1.3 billion people turned out to be its strength. Then the country got people talking about market reforms. Essentially, China started producing everything, or, you know, everything, anything you can think of, and emerged as the 'factory of the world'.

China's revolutionary progress in reducing poverty is well known. Since 1978, the country shifted from a centrally planned economy to market-based economy, resulting in rapid economic and social development. Over 500 million citizens were lifted out of poverty, as the country's poverty rate dropped to 13% in 2008 from the massive 84% in 1981.

Don't we Indians wish we had achieved such results? Especially since, back in 1978, both the countries were in similar position.

How did China get it right?

One of the most important steps was the partnership with the World



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Singles Day 2015

- \$20 Billion USD spent in a single day.
- 54% Higher than last year.
- \$7 Billion in the first 90 minutes.
- 710,000,000 Alipay transactions
 - 86,000 per second
- 95,000,000 transactions via Mobile devices
- So how does this relate to print??



Funky Pigeon Case Study

- UK based Greetings Cards Printer
- Founded in 2009
- 10,000 different card options
- Also personalised gifts
- All with variable content
- 50% of all sales include a customer photograph in the design
- 14 Developers
- Outsourced App iPhone and Android App development
- IT infrastructure \$1.1M USD per year
- Marketing budget per year \$6M USD



How will you become the Alibaba of print?

How do you become a “Factory of the World”??



The only way to do this profitably is through automation and integration

Looking to the Future

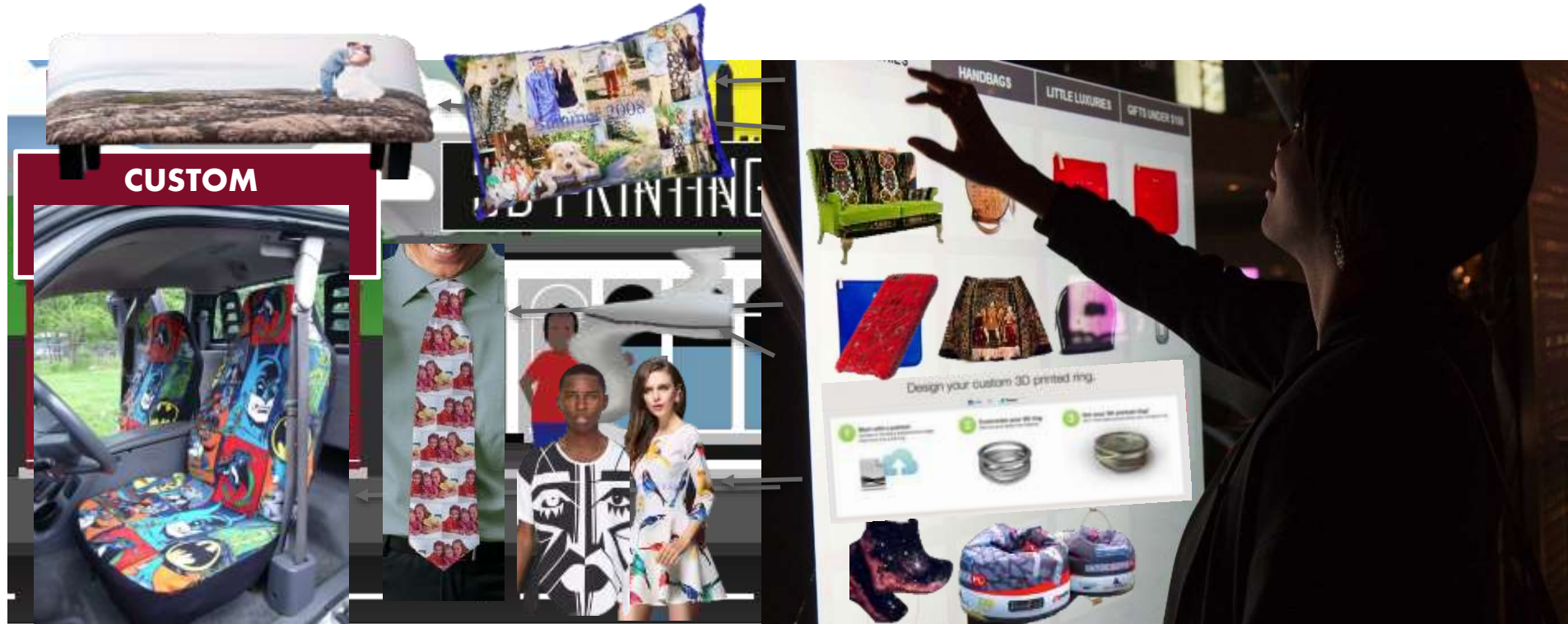


- Shorter, faster, cheaper, more complex.
- Becoming more personal.
- Diversification into other services and solutions.
- Printing on unconventional substrates.
- Greater need for software that:
 - Maximises productivity.
 - Enables Marketing and eCommerce.
 - Evolves with your business.

The Imaging of Things



Print Shops of the Future ...

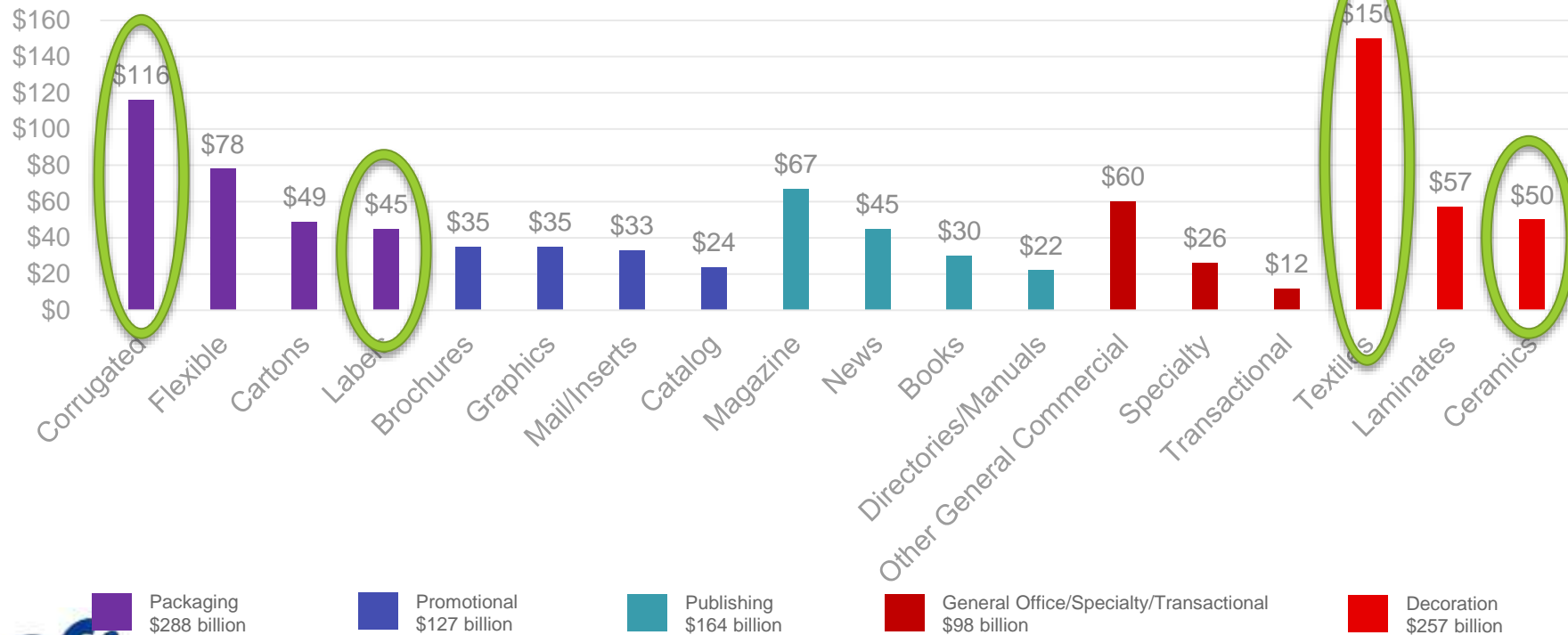


Imaging of Everything - A Reality

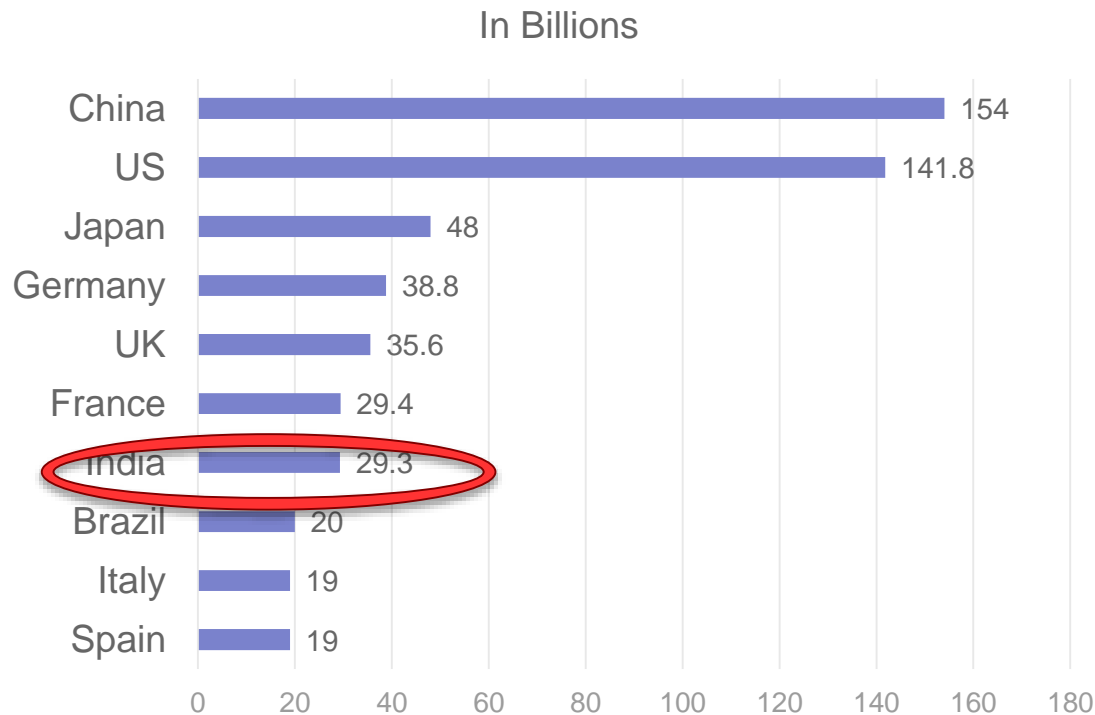


Value of Production

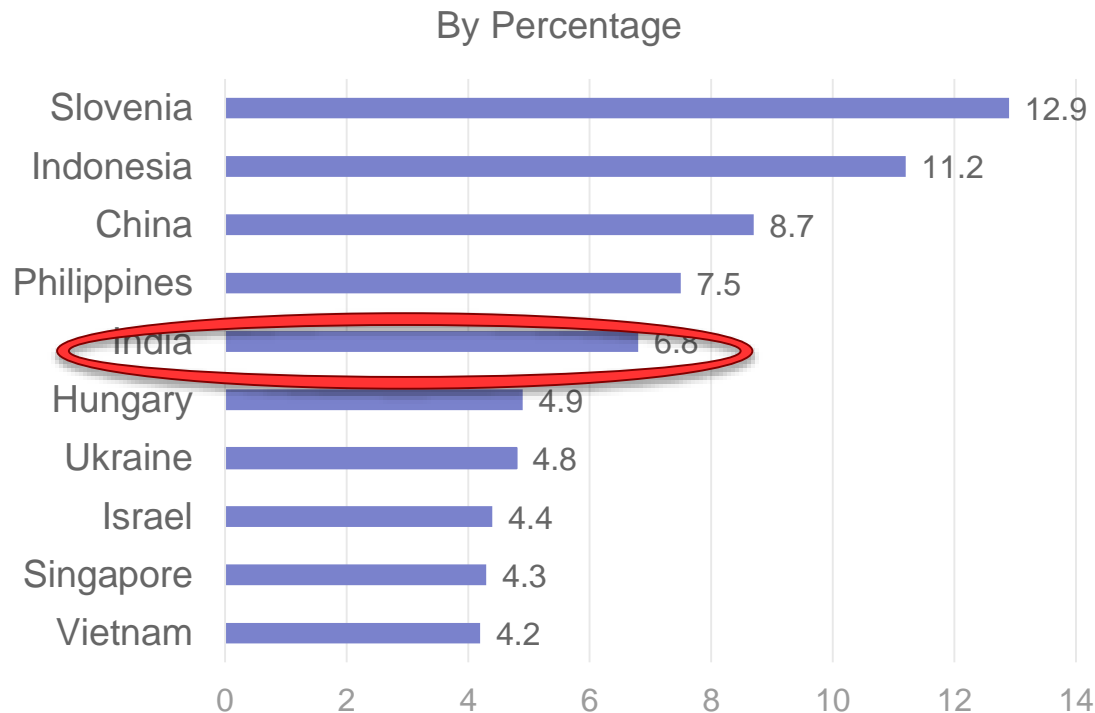
Output in Billions: \$934 Billion Total



Top 10 Print Markets by **SIZE** 2012-2017



Top 10 Print Markets by GROWTH 2012-2017



The Window of Opportunity is Always Moving

“

What you want to do is to make the right decision and to move with the window of opportunity to make sure that, as the industry changes, you are where the action is.

Because if you do nothing, you're guaranteed that your window of opportunity is shrinking, and before you know it, it will be too late to move.”

– EFI CEO Guy Gecht



Thank You.

